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李 氏 大 藥 廠

## **Lee's Pharmaceutical Holdings Limited**

**李 氏 大 藥 廠 控 股 有 限 公 司 \***

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 950)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Placing Agent**

**Morgan Stanley**

#### **PLACING**

On 14 April 2015 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has appointed the Placing Agent as the placing agent, and the Placing Agent agreed to act as the placing agent for the Company during the Placing Period to procure the Placee(s) to subscribe 30,000,000 Placing Shares at a price of HK\$13.02 per Placing Share.

The Placing Price of HK\$13.02 per Placing Share represents (i) a discount of approximately 8.31% to the closing price of HK\$14.20 per Share as quoted on the Stock Exchange on 14 April 2015 (being the last trading day prior to the publication of this announcement); and (ii) a discount of approximately 2.13% to the average closing price of approximately HK\$13.304 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the date of this announcement.

The Placing Shares represent (i) approximately 5.41% of the existing issued share capital of the Company of 554,425,843 Shares as at the date of this announcement and (ii) approximately 5.13% of the issued share capital of the Company of 584,425,843 Shares as enlarged by the allotment and issue of 30,000,000 Placing Shares.

\* *For identification purposes only*

The Placing Shares will be allotted and issued under the General Mandate. The gross proceeds and the net proceeds of the Placing will be approximately HK\$390,600,000 and HK\$383,849,400, respectively. The net proceeds of the Placing are intended to be used for manufacturing facilities expansion, research and development and general working capital of the Group to improve the existing business of the Group and future investment purposes of the Group.

The Company will apply to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

**Shareholders and potential investors should note that as completion of the Placing is subject to condition and the Placing Agent is entitled to terminate the Placing Agreement under certain circumstances, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## **PLACING AGREEMENT**

### **Date**

14 April 2015 (after trading hours)

### **Parties**

- (1) The Company
- (2) The Placing Agent

### **Number of the Placing Shares**

The 30,000,000 Placing Shares represent (i) approximately 5.41% of the existing issued share capital of the Company of 554,425,843 Shares as at the date of this announcement and (ii) approximately 5.13% of the issued share capital of the Company of 584,425,843 Shares as enlarged by the allotment and issue of the 30,000,000 Placing Shares.

### **Placing Agent**

The Company appointed Morgan Stanley & Co. International plc as the placing agent, and the Placing Agent agreed to act as the placing agent for the Company during the Placing Period to procure the Placee(s) to subscribe the 30,000,000 Placing Shares at a price of HK\$13.02 per Placing Share.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

### **Placee(s)**

The Placing Agent shall use its reasonable endeavours, based on information available to the Placing Agent, information provided by the Company and confirmations from the Placees, to ensure that each Placee is not a connected person of the Company.

It is expected that the Placing Shares will be placed to not fewer than six Placees. The Placing Agent shall use its reasonable endeavours to procure that all necessary consents are obtained from the Placee(s) for the publication of its identity where required by Rule 13.28 of the Listing Rules.

It is expected that no individual Placee will become a substantial shareholder of the Company immediately after the Placing. In the event that any Placee will become a substantial shareholder of the Company as a result of the Placing, the Placing Agent undertakes to remind that Placee to comply with all the requirements under the Listing Rules and the SFO.

### **Placing Price**

The Placing Price of HK\$13.02 per Placing Share represents (i) a discount of approximately 8.31% to the closing price of HK\$14.20 per Share as quoted on the Stock Exchange on 14 April 2015 (being the last trading day prior to the publication of this announcement); and (ii) a discount of approximately 2.13% to the average closing price of approximately HK\$13.304 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the date of this announcement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent on the date of the Placing Agreement with reference to the prevailing market price of the Shares. The Directors (including the independent non-executive Directors) are of the view that the terms of the Placing are on normal commercial term, and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Rights of the Placing Shares**

The Placing Shares shall be allotted and issued to the Placee(s) free from all liens, charges and encumbrances ranking *pari passu* in all respects *inter se* with all other Shares in issue together with the rights attaching to them including the rights to receive all dividends or other distributions declared, paid or made with reference to a record date occurring on or after the date of completion of the Placing.

### **Ranking of the Placing Shares**

The Placing Shares will rank, when issued and fully paid up, pari passu in all respects with all Shares in issue as at the date of the allotment and issue of the Placing Shares.

### **Completion of the Placing**

The Placing is conditional and completion shall take place on the Placing Completion Date.

### **Mandate to allot and issue the Placing Shares**

The Placing Shares will be allotted and issued by the Company to the Placee(s) under the General Mandate, and no further Shareholders' approval is required for the Placing. Pursuant to the General Mandate, the Directors are authorised to allot and issue up to 108,658,120 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate.

### **Condition of the Placing**

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares and such listing and permission not subsequently revoked prior to completion of the Placing.

The Company will apply to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

The Company shall use its best endeavours to procure the fulfilment of the above condition on or prior to 21 April 2015. If the above condition is not fulfilled on or prior to 30 April 2015 or such later date as may be agreed in writing between the Company and the Placing Agent subject to compliance with the Listing Rules and the Takeover Code, the obligations of the Company and the Placing Agent under the Placing Agreement shall terminate and no party shall have any claim against the other in respect thereof.

### **Undertakings**

The Company undertakes to the Placing Agent that for a period of 90 days from the Placing Completion Date, the Company will not, except pursuant to (1) the terms of any employee share option scheme of the Company or (2) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association:

- (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share(s) or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to Shares or interest in Shares; or

- (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above; or
- (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above,

without first having obtained the written consent of the Placing Agent.

### **Termination**

The Placing Agent shall have the right to terminate the arrangements set out in the Placing Agreement without liability to the Company by notice in writing if at any time prior to 9:00 a.m. on the Placing Completion Date, in the absolute opinion of the Placing Agent:

- (i) there develops, occurs or comes into force:
  - (A) any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group;
  - (B) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong dollars is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Placing Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing;
  - (C) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing;

- (D) a general moratorium on commercial banking activities in Hong Kong, the PRC, the European Union, London or New York declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC, the European Union, the United Kingdom or the United States;
  - (E) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the London Stock Exchange, the New York Stock Exchange, Nasdaq or any other major stock exchange in Europe due to exceptional financial circumstances or otherwise at any time prior to the Placing Completion Date; or
- (ii) any breach of any of the representations, warranties and undertakings by the Company set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Placing Completion Date which if it had occurred or arisen before the date hereof would have rendered any of such representations, warranties and undertakings untrue, misleading or incorrect in any respect or (in the absolute opinion of the Placing Agent) is or would materially and adversely affect the financial position or business of the Company and/or of the Group as a whole or is or would be materially adverse to the success of the Placing, or there has been a breach of, or failure to perform, any other provision of the Placing Agreement on the part of the Company; or
  - (iii) there is any such adverse change, or development involving a prospective adverse change in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Company and/or of the Group as a whole which in the reasonable opinion of the Placing Agent is materially adverse to the success of the Placing.

## **REASONS FOR THE PLACING AND USE OF NET PROCEEDS**

The Group is a research-driven and market-oriented bio-pharmaceutical company focused in the PRC market. Through its operating subsidiary in the PRC, the Group develops, manufactures and markets proprietary pharmaceutical products in the PRC. It has established a sales and distribution network for its pharmaceutical products covering most provinces and cities in the PRC, marketing both self-developed products and licensed-in products from abroad.

The Directors considered various ways of raising funds and believed that the Placing represents an opportunity to raise funds for the Company. The Directors considered that it is beneficial to the Company and the Shareholders as a whole to raise capital for the future business development of the Group by way of the Placing as it can broaden the capital and shareholder base of the Company.

The gross proceeds and the net proceeds of the Placing will be approximately HK\$390,600,000 and HK\$383,849,400, respectively. The net proceeds of the Placing are intended to be used for manufacturing facilities expansion, research and development and general working capital of the Group to improve the existing business of the Group and future investment purposes of the Group. The Board (including the independent non-executive Directors) considers that the terms of the Placing Agreement are entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent, and that the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

**FUND RAISING ACTIVITIES DURING THE PAST 12 MONTHS BEFORE THE DATE OF THIS ANNOUNCEMENT**

The Company had not carried out any equity fund-raising activity during the past 12 months immediately preceding the date of this announcement.

## CHANGES IN THE SHAREHOLDING INTERESTS OF THE COMPANY UPON COMPLETION OF THE PLACING

The table below sets out the shareholding interests in the Company (i) as at the date of the Placing Agreement; and (ii) immediately after completion of the Placing:

	As at the date of the Placing Agreement		Immediately after completion of the Placing	
		%		%
Huby Technology Limited ( <i>Note 1</i> )	120,290,625	21.70	120,290,625	20.58
High Knowledge Investments Limited ( <i>Note 2</i> )	16,000,000	2.89	16,000,000	2.74
Li Xiaoyi	38,213,501	6.89	38,213,501	6.54
Jointly held by Lee Siu Fong and Leelalertsuphakun Wanee	1,600,000	0.29	1,600,000	0.28
Lee Siu Fong	83,875	0.02	83,875	0.01
Leelalertsuphakun Wanee	69,000	0.01	69,000	0.01
<b>Sub-total:</b>	<b><u>176,257,001</u></b>	<b><u>31.79</u></b>	<b><u>176,257,001</u></b>	<b><u>30.16</u></b>
<b>Other Directors:</b>				
Chan Yau Ching, Bob	1,040,000	0.19	1,040,000	0.18
Lam Yat Cheong	300,000	0.05	300,000	0.05
Tsim Wah Keung, Karl	300,000	0.05	300,000	0.05
<b>Other Shareholders:</b>				
FIL Limited	32,465,000	5.86	32,465,000	5.56
GL Trade Investment Limited	54,485,000	9.83	54,485,000	9.32
Sigma Tau Finanziaria S.p.A.	142,053,333	25.62	142,053,333	24.31
Other Public Shareholders	147,525,509	26.61	147,525,509	25.24
The Placee(s)	–	–	30,000,000	5.13
<b>Total</b>	<b><u>554,425,843</u></b>	<b><u>100.00</u></b>	<b><u>584,425,843</u></b>	<b><u>100.00</u></b>

*Notes:*

- Huby Technology Limited is an investment holding company jointly owned by Ms. Lee Siu Fong and Ms. Leelalertsuphakun Wanee.
- High Knowledge Investments Limited is entirely and beneficially owned by Ms. Lue Shuk Ping, Vicky, the spouse of Dr. Li Xiaoyi. The interests held by Ms. Lue Shuk Ping, Vicky are deemed to be part of the interest of Dr. Li Xiaoyi.

As set out in the above shareholding table, immediately after completion of the Placing, a minimum of 25% of the then issued Shares will be in public hands.



## GENERAL INFORMATION OF THE GROUP

The Group is a research-driven and market-oriented biopharmaceutical company focused on the PRC market. Through its operating subsidiary in the PRC, the Group develops, manufactures and markets proprietary pharmaceutical products in the PRC. It has established a sales and distribution network for its pharmaceutical products covering most provinces and cities in the PRC, marketing both self-developed products and licensed-in products from abroad.

**Shareholders and potential investors should note that as completion of the Placing is subject to condition and the Placing Agent is entitled to terminate the Placing Agreement under certain circumstances, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“AGM”	the annual general meeting of the Company held on 12 May 2014
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday and Sunday) on which licensed banks generally are open for business in Hong Kong
“Company”	Lee’s Pharmaceutical Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Listing Committee”	the listing sub-committee of the board of directors for the main board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional institutional and other investor procured by the Placing Agent to subscribe the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing by or on behalf of the Placing Agent of the Placing Shares on the terms as set out in the Placing Agreement
“Placing Agent”	Morgan Stanley & Co. International plc
“Placing Completion Date”	a Business Day which is within four Business Days after the condition to the Placing is fulfilled or such other date as the Company and the Placing Agent may agree in writing
“Placing Agreement”	the placing agreement dated 14 April 2015 entered into by the Company and the Placing Agent in respect of the Placing
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at 5:00 p.m. on 22 April 2015 (or such later time and date as the Company and the Placing Agent may agree in writing)
“Placing Price”	HK\$13.02 per Placing Share
“Placing Share(s)”	the 30,000,000 new Shares to be allotted and issued to the Placee(s) pursuant to terms of the Placing Agreement
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.05 each in the capital of the Company

“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board  
**Lee’s Pharmaceutical Holdings Limited**  
**Lee Siu Fong**  
*Chairman*

Hong Kong, 14 April 2015

*As at the date thereof, Ms. Lee Siu Fong (Chairman), Ms. Leelalertsuphakun Wanee and Dr. Li Xiaoyi are executive Directors; Dr. Marco Maria Brughera is a non-executive Director, Dr. Chan Yau Ching, Bob, Mr. Lam Yat Cheong and Dr. Tsim Wah Keung, Karl are independent non-executive Directors.*